



Africa Weekly: South Africa presents 2017 budget

Top Political News

South Africa's Finance Minister Pravin Gordhan stated in his budget speech that the country must stay on its fiscal sustainability path and follow policies that will help keep its investment grade credit rating. Gordhan stated that the economy is expected to grow 1.3% in 2017 and pledged to narrow the budget deficit to 3.1% of GDP from 3.4% in 2016 by raising taxes on the wealthy as well as on petrol, alcohol and tobacco. Gordhan downplayed rumors suggesting his imminent removal, saying they were "only gossip". **Ghana's** President Nana Akufo-Addo said he plans to cut the budget deficit and reduce wasteful expenditures in order to improve fiscal discipline after the country failed in all the December targets agreed under its three-year IMF program. Akufo-Addo also plans to jumpstart the economy mainly by investing in agriculture and in policies to expand manufacturing. **Kenya's** 4 biggest opposition parties signed an agreement to form a new coalition that aims to prevent President Kenyatta from winning a second term in the country's August elections. The last two elections were quite disputed and these promise to once again be close. A recent poll showed that Kenyatta's ruling party has about 45% of support, compared with 34% for the opposition alliance, while more than 10% of the voters remain undecided.

Top Economic News

Mozambique is introducing measures aimed at improving business climate as well as the tourism industry. One of the measures approved reduces the required amount to grant an investment activity visa from US\$50 million to US\$500,000. It also approved regulations intended to facilitate the movement of foreign tourists in the country, using a border visa, valid for 30 days with the right to two entries.

Central Banks

Zambia's central bank cut its benchmark rate to 14% from 15.5%, the first cut since its introduction in 2012. This followed the slowdown in the inflation rate to 7% in January (vs. 7.5% in December), which marked the 11th straight month of declines.

Currencies

Market participants are increasing bets that **Nigeria** will implement a more flexible currency regime that would allow the local currency to depreciate from its official rate of 305 naira to the dollar. This follows the central bank's latest moves to ease some capital controls and the news that President Buhari, who is against devaluation, remains in the UK to receive treatment for an undisclosed condition. The **Angolan** kwanza is trading slightly below 400 kwanzas to the dollar in the informal market for the first time in over a year. This compares with 500 kwanzas in the first days of January and an official rate of around 165 kwanzas to the dollar.

Commodities

OPEC's Secretary General Mohammad Barkindo said it is premature to say whether the cartel would need to extend the accord beyond its initial six-month deadline of end-June, or even implement deeper cuts. He added that the pace of the decline in global oil stockpiles, which OPEC hopes will fall back to its five-year average, will determine its next move. Barkindo also said anything but 100% compliance from all parts is not satisfactory and that he hopes this will be reached "in due course".

Eurobonds

Nigeria could return to international debt markets before the end of March after its Vice President Yemi Osinbajo asked parliament to approve the sale of a US\$500 million Eurobond. This would be the second time the country issues a Eurobond in 2017 after raising US\$1 billion earlier this month.

Capital Markets

24 February 2017

Tiago Bossa Dionísio

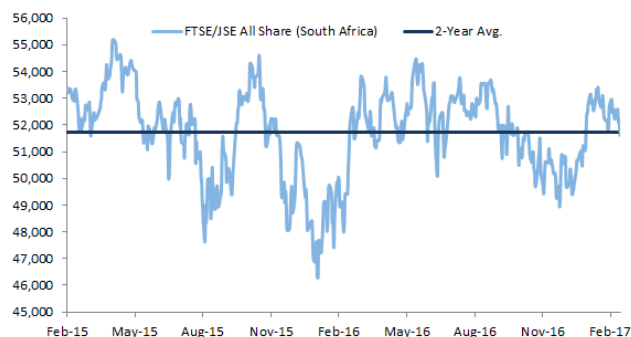
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Stock Markets Index (Country)	24/02/2017	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Africa							
FTSE/JSE All Share (South Africa)	51,609.86	-1.18%	-3.25%	7.53%	1.89%	48,935.90	54,704.22
EGX 30 (Egypt)	12,240.53	-3.25%	-4.99%	102.19%	-0.85%	6,034.21	13,544.42
Gaborone Domestic Index (Botswana)	9,012.38	-0.07%	-3.58%	-12.04%	-4.13%	9,005.95	10,317.66
Nairobi SE All Share (Kenya)	126.53	1.28%	2.63%	-9.96%	-5.11%	121.26	147.56
All Share Index (Nigeria)	25,250.37	0.34%	-3.69%	5.72%	-6.04%	24,181.51	31,073.32
Ghana Stock Exchange (Ghana)	1,856.87	2.62%	5.19%	-6.83%	9.93%	1,507.84	1,981.12
Namibia Overall Index (Namibia)	1,091.19	-1.61%	-2.27%	29.42%	2.11%	876.80	1,136.88
Tanzania All Share Index (Tanzania)	2,308.21	0.63%	6.30%	-3.52%	4.99%	1,978.68	8,407.52
Americas							
Dow Jones Industrial Avg. (USA)	20,753.25	0.65%	4.22%	25.89%	5.01%	16,510.40	20,840.70
S&P 500 (USA)	2,359.31	0.52%	3.48%	22.26%	5.38%	1,931.81	2,368.26
Nasdaq (USA)	5,820.75	0.10%	3.92%	28.14%	8.13%	4,557.46	5,867.89
Ibovespa (Brazil)	67,009.04	-1.09%	1.78%	59.22%	11.26%	41,599.44	69,487.58
Europe							
Euro Stoxx 50 (Europe)	3,302.92	-0.18%	0.65%	17.11%	0.38%	2,678.27	3,355.40
FTSE 100 (UK)	7,246.07	-0.74%	1.34%	23.50%	1.45%	5,788.74	7,354.14
DAX (Germany)	11,795.90	0.33%	1.73%	28.67%	2.74%	9,214.10	12,031.11
PSI 20 (Portugal)	4,613.89	-0.58%	0.81%	0.50%	-1.40%	4,175.28	5,222.69
IBEX 35 (Spain)	9,457.80	-0.45%	0.75%	18.02%	1.13%	7,579.80	9,623.50
CAC (France)	4,844.26	-0.48%	0.29%	16.58%	-0.37%	3,955.98	4,932.35
SMI (Switzerland)	8,521.97	0.18%	3.34%	10.83%	3.68%	7,475.54	8,598.65
Asia							
Nikkei 225 (Japan)	19,283.54	0.25%	2.64%	21.16%	0.89%	14,864.01	19,615.40
Topix (Japan)	1,550.14	0.36%	2.91%	20.68%	2.08%	1,192.80	1,559.51
Hang Seng (Hong Kong)	7,055.71	0.37%	6.02%	26.27%	10.19%	5,485.83	7,169.55
Shanghai All Share (China)	3,406.79	1.61%	3.53%	11.15%	4.84%	2,761.42	3,456.92
CSI 300 (China)	3,473.85	1.53%	3.25%	11.72%	4.95%	2,821.22	3,583.72

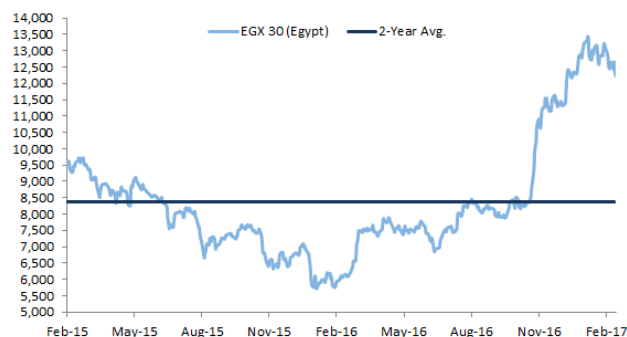
Sources: Bloomberg and Eaglestone Securities.

JOHANNESBURG STOCK EXCHANGE ALL SHARE INDEX



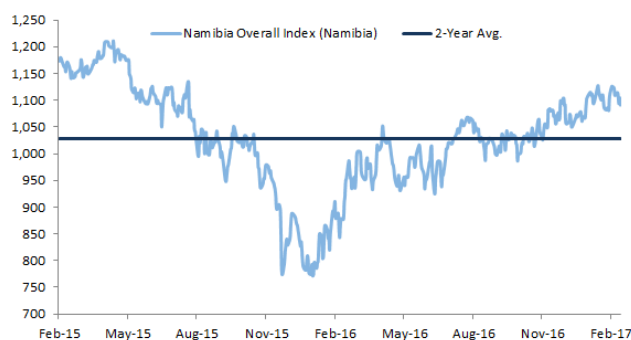
Sources: Bloomberg and Eaglestone Securities.

EGYPT STOCK EXCHANGE INDEX



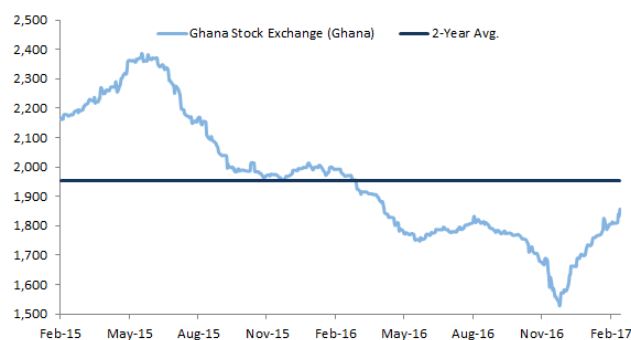
Sources: Bloomberg and Eaglestone Securities.

NAMIBIA OVERALL INDEX



Sources: Bloomberg and Eaglestone Securities.

GHANA STOCK EXCHANGE INDEX

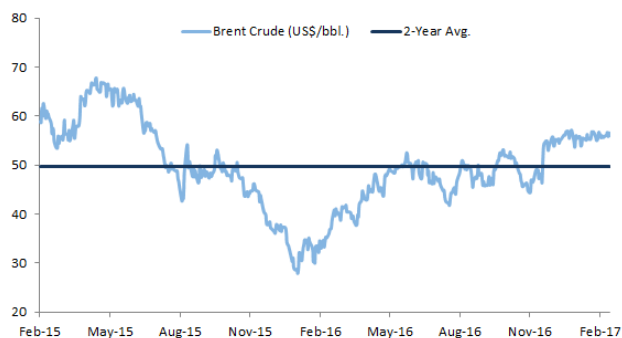


Sources: Bloomberg and Eaglestone Securities.

Commodities	24/02/2017	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Energy							
WTI Crude (US\$/bbl.)	54.03	1.26%	1.60%	68.06%	0.58%	32.32	55.24
Brent Crude (US\$/bbl.)	56.06	0.45%	1.12%	62.92%	-1.34%	34.83	58.37
Natural Gas (US\$/MMBtu)	2.61	-8.55%	-20.40%	46.79%	-29.91%	1.61	3.99
Gasoline (US\$/gal.)	151.34	-0.74%	-3.97%	49.78%	-9.11%	100.23	170.95
Coking Coal (US\$/ton)	158.38	4.16%	-8.80%	102.35%	-31.37%	78.27	308.80
Precious Metals							
Gold (US\$/oz.)	1,255.80	1.27%	3.72%	1.38%	9.04%	1,123.90	1,377.50
Silver (US\$/oz.)	18.35	1.53%	6.78%	19.96%	14.77%	14.61	21.09
Platinum (US\$/oz.)	1,026.82	2.34%	3.09%	9.49%	13.70%	889.73	1,194.64
Other Metals							
Copper (US\$/lb.)	268.15	-1.36%	-1.00%	27.93%	7.02%	201.30	282.30
Aluminum (US\$/MT)	1,867.00	-1.58%	0.95%	20.61%	10.28%	1,475.00	1,916.00
Zinc (US\$/MT)	2,790.00	-2.38%	0.00%	60.62%	8.31%	1,736.00	2,985.00
Tin (US\$/MT)	18,780.00	-4.67%	-6.68%	17.19%	-11.10%	15,425.00	22,000.00
Iron Ore (US\$/ton)	90.50	0.14%	9.44%	75.25%	14.75%	48.18	94.86
Agriculture							
Cocoa (US\$/MT)	2,067.00	2.23%	-4.53%	-28.03%	-2.78%	1,881.00	3,237.00
Coffee (US\$/lb.)	144.55	-1.20%	-5.12%	25.64%	5.47%	111.35	176.00
Sugar (US\$/lb.)	19.84	-2.55%	-3.60%	42.02%	1.69%	13.91	23.90
Cotton (US\$/lb.)	75.90	1.19%	3.17%	31.54%	7.43%	55.66	77.80
Corn (US\$)	364.50	-2.41%	0.34%	1.32%	3.55%	301.00	439.25
Wheat (US\$)	431.75	-3.57%	1.17%	-2.48%	5.82%	359.50	524.00
Soy (US\$)	1,013.50	-2.90%	-4.25%	16.83%	1.71%	849.00	1,208.50

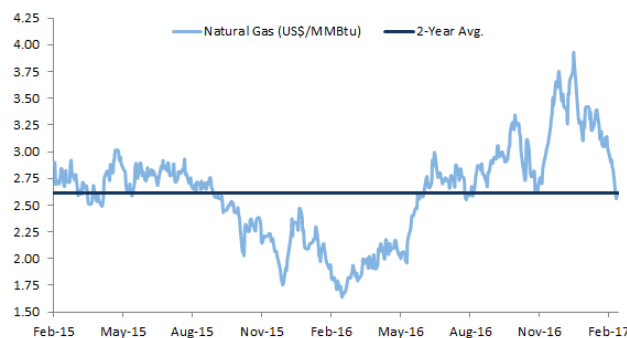
Sources: Bloomberg and Eaglestone Securities.

BRENT CRUDE (US\$/BARREL)



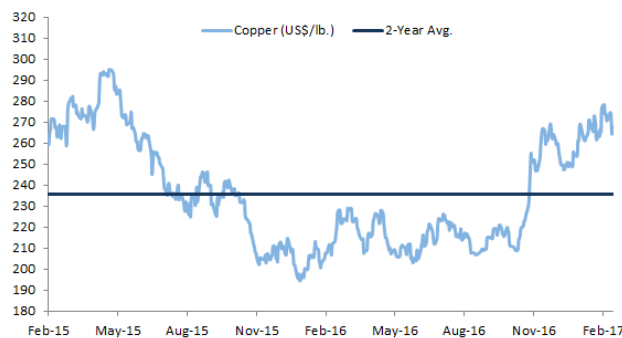
Sources: Bloomberg and Eaglestone Securities.

NATURAL GAS (US\$/MMBTU)



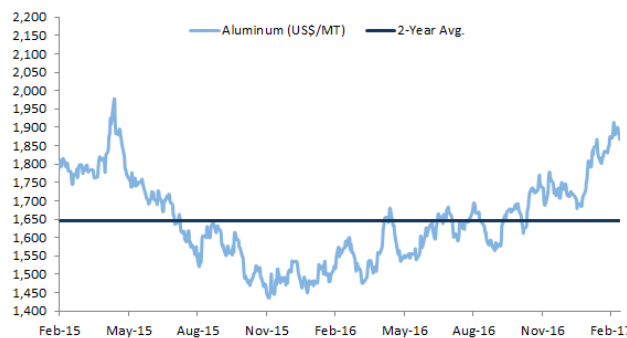
Sources: Bloomberg and Eaglestone Securities.

COPPER (US\$/LB.)



Sources: Bloomberg and Eaglestone Securities.

ALUMINUM (US\$/MT)

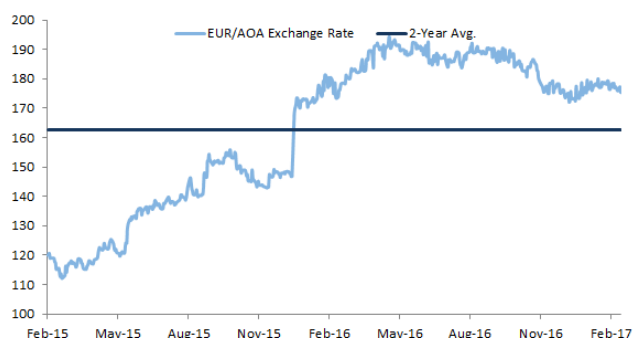


Sources: Bloomberg and Eaglestone Securities.

Currencies	24/02/2017	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Kwanza (Angola)							
Dollar (USA)	165.52	0.96%	0.72%	-2.05%	1.67%	158.41	169.65
Euro	175.39	1.14%	1.37%	1.81%	-0.60%	171.73	196.44
Sterling (UK)	207.13	0.12%	0.15%	9.01%	-1.21%	198.78	253.90
Rand (South Africa)	12.81	0.37%	-3.35%	-18.84%	-5.46%	9.77	13.06
Real (Brazil)	53.43	0.73%	-2.20%	-23.36%	-4.65%	39.47	54.88
Metical (Mozambique)							
Dollar (USA)	70.15	0.46%	0.50%	-30.78%	1.75%	45.45	79.38
Euro	74.23	0.04%	1.92%	-27.96%	1.15%	52.56	89.22
Sterling (UK)	87.65	-0.95%	0.70%	-22.86%	0.56%	66.87	104.52
Rand (South Africa)	5.42	0.00%	-2.83%	-42.57%	-3.80%	0.48	5.82
Rand (South Africa)							
Dollar (USA)	12.94	0.75%	3.42%	20.51%	6.17%	12.79	16.25
Euro	13.69	1.17%	4.86%	25.41%	5.53%	13.54	18.01
Sterling (UK)	16.17	0.28%	3.61%	34.32%	4.78%	16.01	23.34
Real (Brazil)	4.17	0.38%	1.22%	-5.55%	0.88%	3.89	4.69
Naira (Nigeria)							
Dollar (USA)	316.00	-0.20%	-3.16%	-37.01%	-0.21%	197.00	350.25
Euro	333.06	0.46%	-1.45%	-34.18%	-0.43%	213.86	390.34
Euro							
Dollar (USA)	1.06	-0.32%	-1.39%	-3.91%	0.62%	1.03	1.16
Sterling (UK)	0.85	1.09%	1.22%	-6.61%	0.79%	0.76	0.94
Franc (Switzerland)	1.06	0.05%	0.97%	2.35%	0.77%	1.06	1.11
Yen (Japan)	118.77	0.88%	2.81%	4.02%	3.54%	109.57	128.22

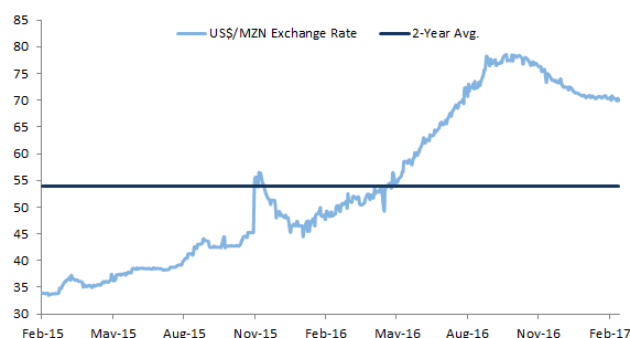
Sources: Bloomberg and Eaglestone Securities.

EUR/AOA EXCHANGE RATE



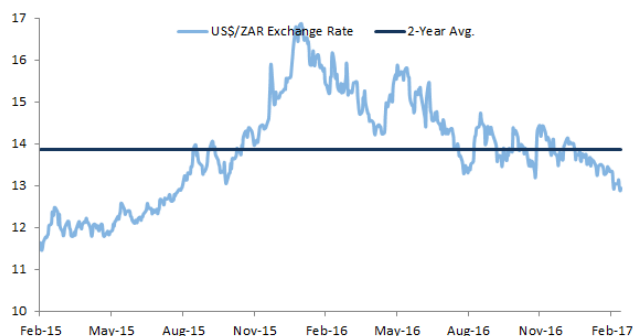
Sources: Bloomberg and Eaglestone Securities.

US\$/MZN EXCHANGE RATE



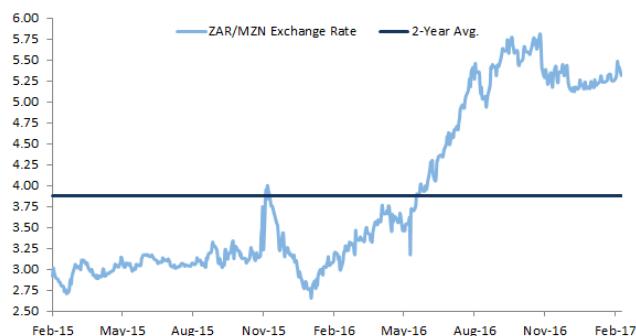
Sources: Bloomberg and Eaglestone Securities.

US\$/ZAR EXCHANGE RATE



Sources: Bloomberg and Eaglestone Securities.

ZAR/MZN EXCHANGE RATE

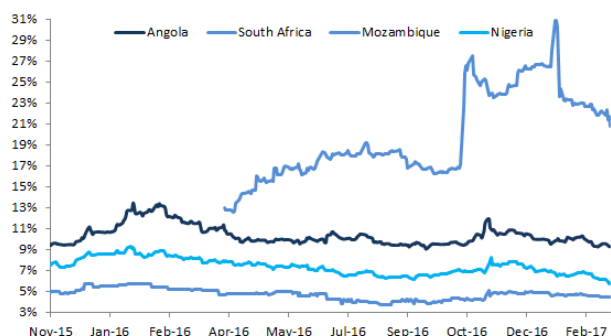


Sources: Bloomberg and Eaglestone Securities.

African Eurobonds	24/02/2017	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Angola (12/11/2025; 9.5%)	101.334 9.269%	1.504% -0.248%	3.932% -0.615%	19.481% -2.230%	4.192% -0.651%	85.411 9.037%	102.821 12.096%
Dem. Republic of Congo (30/06/2029; 4.0%)	67.689 10.674%	1.390% -0.166%	4.944% -0.544%	-6.676% 1.566%	4.265% -0.409%	63.918 8.861%	75.560 11.248%
Ethiopia (11/12/2024; 6.625%)	94.852 7.508%	0.566% -0.092%	3.663% -0.553%	9.592% -1.143%	2.442% -0.371%	87.005 6.543%	100.526 8.836%
Gabon (16/06/2025; 6.95%)	96.260 7.562%	0.533% -0.084%	2.133% -0.322%	21.720% -2.129%	2.282% -0.340%	80.393 7.384%	97.518 10.270%
Ghana (07/08/2023; 7.875%)	97.410 8.402%	1.601% -0.309%	-1.396% 0.296%	34.148% -3.319%	-1.473% 0.316%	74.266 7.652%	101.277 13.468%
Ivory Coast (03/03/2028; 6.375%)	98.432 6.577%	0.612% -0.077%	0.356% -0.043%	10.204% -1.000%	0.273% -0.031%	89.880 5.551%	107.735 7.664%
Kenya (24/06/2024; 6.875%)	98.564 7.128%	0.619% -0.107%	0.576% -0.098%	8.299% -1.075%	3.552% -0.560%	90.762 6.711%	101.276 8.397%
Mozambique (18/01/2023; 10.5%)	67.150 20.758%	5.805% -1.342%	9.781% -1.840%	n.a. 12.914%	11.148% -4.630%	53.636 12.625%	91.006 30.906%
Namibia (29/10/2025; 5.25%)	101.837 4.985%	0.456% -0.065%	1.499% -0.207%	8.373% -0.899%	4.234% -0.533%	94.065 4.183%	108.164 6.046%
Nigeria (12/07/2023; 6.375%)	103.239 5.759%	1.949% -0.350%	4.208% -0.698%	16.161% -1.824%	6.298% -0.973%	89.258 5.740%	103.352 8.302%
Rwanda (02/05/2023; 6.625%)	101.211 6.382%	0.003% -0.001%	1.430% -0.271%	6.514% -0.974%	1.453% -0.275%	93.364 6.052%	103.140 7.857%
Senegal (30/07/2024; 6.25%)	100.876 6.100%	0.624% -0.104%	0.876% -0.146%	11.423% -1.331%	0.682% -0.114%	90.786 5.382%	105.862 7.733%
Seychelles (01/01/2026; 7.0%)	101.899 7.573%	n.a. -0.079%	n.a. -0.150%	8.691% -0.980%	1.186% -0.161%	93.772 7.573%	101.899 8.711%
South Africa (16/09/2025; 5.875%)	110.120 4.438%	-0.163% 0.021%	1.167% -0.174%	n.a. -0.617%	2.916% -0.399%	105.250 3.686%	117.370 5.170%
Zambia (30/07/2027; 8.97%)	103.469 8.461%	1.857% -0.265%	4.558% -0.617%	40.774% -3.198%	4.438% -0.600%	73.967 8.450%	103.573 13.490%

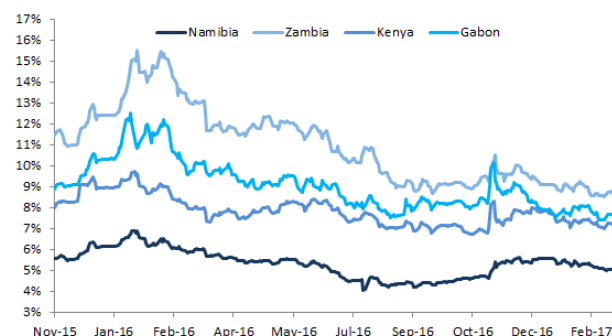
Sources: Bloomberg and Eaglestone Securities.

EUROBOND YIELDS (ANG, SA, MOZ & NIG)



Sources: Bloomberg and Eaglestone Securities.

EUROBOND YIELDS (NAM, ZAM, KEN & GAB)



Sources: Bloomberg and Eaglestone Securities.

AFRICA SOVEREIGN RATINGS

24/02/2017	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FTCH	MOODYS	S&P	FTCH
Angola	B1	B	B	NR	B	B
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B-	NR	NR	B	NR
Cameroon	B2	B	B	NR	B	NR
Cape Verde	NR	B	B	NR	B	B
Egypt	B3	B-	B	NR	B	B
Ethiopia	B1	B	B	NR	B	B
Gabon	B1	NR	B+	NR	NR	B
Ghana	B3	B-	B	NR	B	B
Ivory Coast	Ba3	NR	B+	NP	NR	B
Kenya	B1	B+	B+	NR	B	B
Lesotho	NR	NR	B+	NR	NR	B
Mali	NR	NR	WD	NR	NR	NR
Mauritius	Baa1	NR	NR	NR	NR	NR
Morocco	Ba1	BBB-	BBB-	NR	A-3	F3
Mozambique	Caa3	SD	RD	NR	D	C
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	B1	B	B+	NR	B	B
Republic of Congo	B3	B-	CCC	NR	B	C
Republic of Zambia	B3	B	B	NR	B	B
Rwanda	B2	B	B+	NR	B	B
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	BB-	NR	NR	B
South Africa	Baa2	BBB-	BBB-	P-2	A-3	F3
Tunisia	Ba3	NR	B+	NR	NR	B
Uganda	B2	B	B+	NR	B	B

Sources: Bloomberg, Eaglestone Advisory (Rating: **Up**, **Down**, No Change, **Initial**)

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Disclosures

Eaglestone was founded in December 2011 with the aim to be a committed partner for the development of businesses located primarily in Sub-Saharan Africa and to support the development of renewable energy projects on a global basis.

The company has three business activities - financial advisory services, asset management and brokerage - and currently has offices in Amsterdam, Cape Town, Johannesburg, Lisbon, London, Luanda and Maputo

Eaglestone is committed to operating and behaving according to the highest standards of corporate governance. Its subsidiary in the United Kingdom is authorized and regulated by the Financial Conduct Authority.

Eaglestone operates with a clear vision and mission to act on behalf of and in the best interests of all its stakeholders, whether they are investors, employees or users of its services.

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